BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

Petition of Calpine Corporation to Adopt, Amend, or Repeal a Regulation Pursuant to Pub. Util. Code § 1708.5.	Petition 16-07-004 (Filed July 12, 2016)

RESPONSE OF THE INDEPENDENT ENERGY PRODUCERS ASSOCIATION TO THE CALPINE PETITION TO ADOPT, AMEND, OR REPEAL A REGULATION RELATED TO STATION POWER TARIFFS

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Dated: August 11, 2016

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Pursuant to Rule 6.3(d) of the Commission's Rules of Practice and Procedure, the Independent Energy Producers Association (IEP) responds to the *Petition of Calpine Corporation to Adopt, Amend, or Repeal a Regulation Pursuant to Pub. Util. Code § 1708.5* (the Calpine Petition) submitted on July 12, 2016. The Calpine Petition requests the Commission to immediately commence a rulemaking to establish new rules for the netting standards applicable to the station power tariffs of the investor-owned electric utilities (IOUs). Specifically, Calpine requests the Commission to institute a rulemaking to assess "whether it is appropriate to maintain a 15-minute netting period for calculating retail electric purchases for non-NEM [Net Energy Metering] generation resources."[1] IEP supports the Calpine Petition.

Currently, the Commission affords NEM-eligible customer-generators the opportunity to net their energy production against their retail energy consumption over 12

[1] Calpine Petition, p. 16.

months.[2] All other customer-generators are required to net their energy production against their station power consumption over a 15-minute interval. In each case, any excess consumption over energy production is subject to the IOU's retail rates and charges, but the longer netting interval provided to NEM-eligible customer-generators allows for a greater reduction of consumption subject to retail rates and charges. Public Utilities Code sections 451 and 453 require the retail rates and charges collected by a public utility to be just, reasonable, and nondiscriminatory. On its face, the existing difference in netting intervals for generators appears to be unjust, unreasonable, and discriminatory. For the reasons stated in the Calpine Petition, IEP agrees that the Commission should open a rulemaking to assess whether the different netting periods afforded customer-generators are warranted.

In addition to the reasons presented in the Calpine Petition, it is particularly timely for the Commission to commence a rulemaking to ensure that the differing treatment of generators in the station power tariffs does not become a barrier to realizing least-cost and best-fit objectives in planning and procurement specified in the Commission's decisions and prescribed by the Legislature. For example, with regard to integrated resource planning (IRP), Senate Bill (SB) 350 requires the Commission to "[d]irect each electrical corporation to include, as part of its proposed procurement plan, a strategy for procuring best-fit and least-cost resources to satisfy the portfolio needs identified by the commission . . . ."[3] Moreover, Public Utilities Code sections 769(b)(2) and 769(b)(3) require the electric utilities in their distribution planning process to propose or identify tariffs, contracts, or other mechanisms for the deployment of *cost-*

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[2] For the NEM program, Public Utilities Code § 2827(b)(4)(A) defines an "eligible customer-generator" as a residential, commercial, industrial, or agricultural customer of an electric utility who uses a renewable generation facility with a total capacity of not more than one megawatt located on the customer's owned, leased, or rented premises, and which is interconnected and operates in parallel to the electric grid.

[3] Pub. Util. Code § 451.51(b).

effective distributed resources and *cost-effective* methods of effectively coordinating existing Commission-approved programs, incentives, and tariffs to maximize the locational benefits and minimize the incremental costs of distributed resources.

As a practical matter, customer-generators that are afforded longer netting periods receive significant benefits by lowering the retail charges they must pay to the utility for the provision of the station power. If these benefits are not afforded to all customer-generators, the least-cost and best-fit outcomes that would otherwise occur in IRP and distribution planning could become distorted. The Commission will be unable to accurately compare the costs of different resources in the IRP if the true costs of one set of resources are concealed by a different treatment of station power. A rulemaking would help assess this risk. Accordingly, IEP supports the Calpine Petition.

Respectfully submitted August 11, 2016 at San Francisco, California.

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